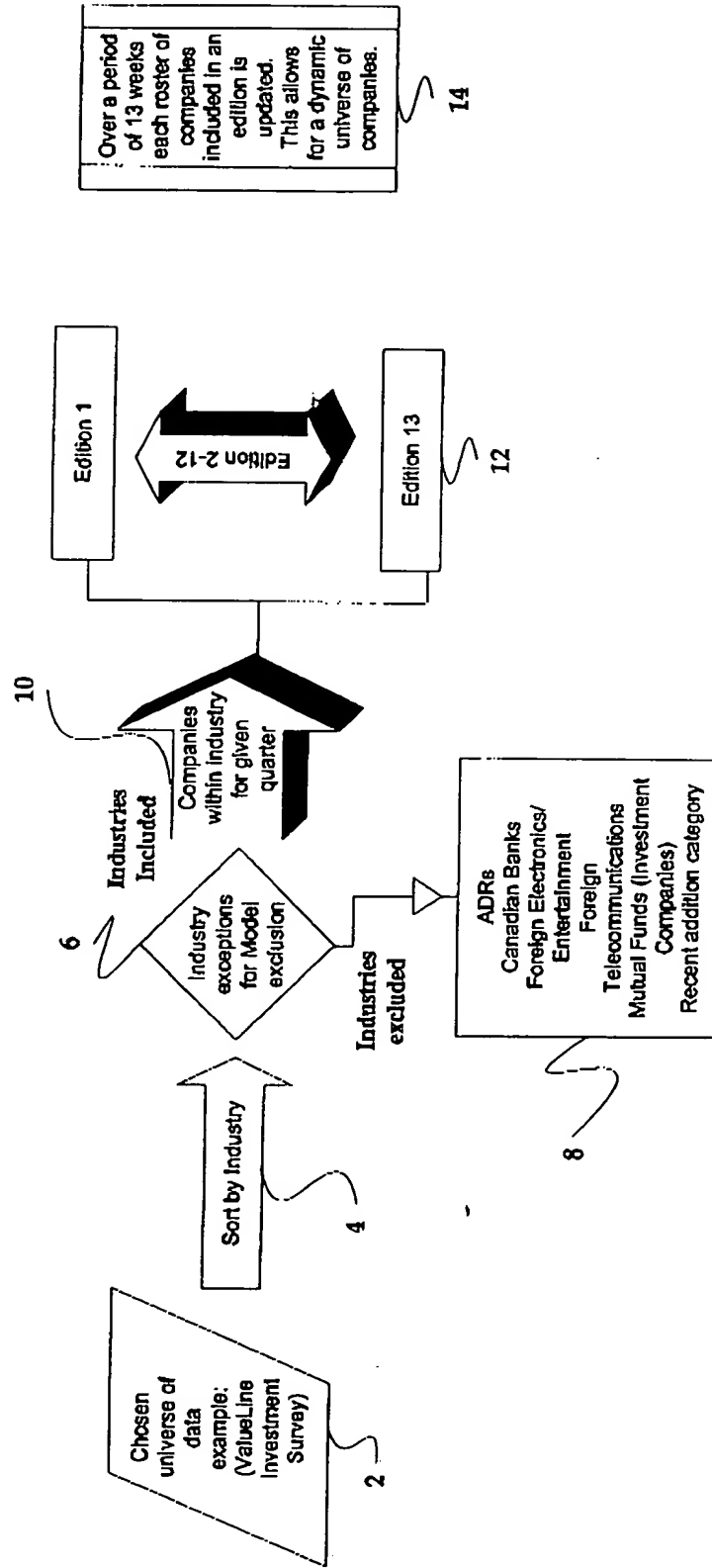


# Data Frame Phase (Universe Determination)



The Data Frame Phase determines the industries, companies, and time period to be included into the Model.

A different (of 13) edition is updated weekly by ValueLine and aggregated monthly by the model, so over a period of 3 months, all editions are updated.

Figure 1

# Data Intrusion Stage

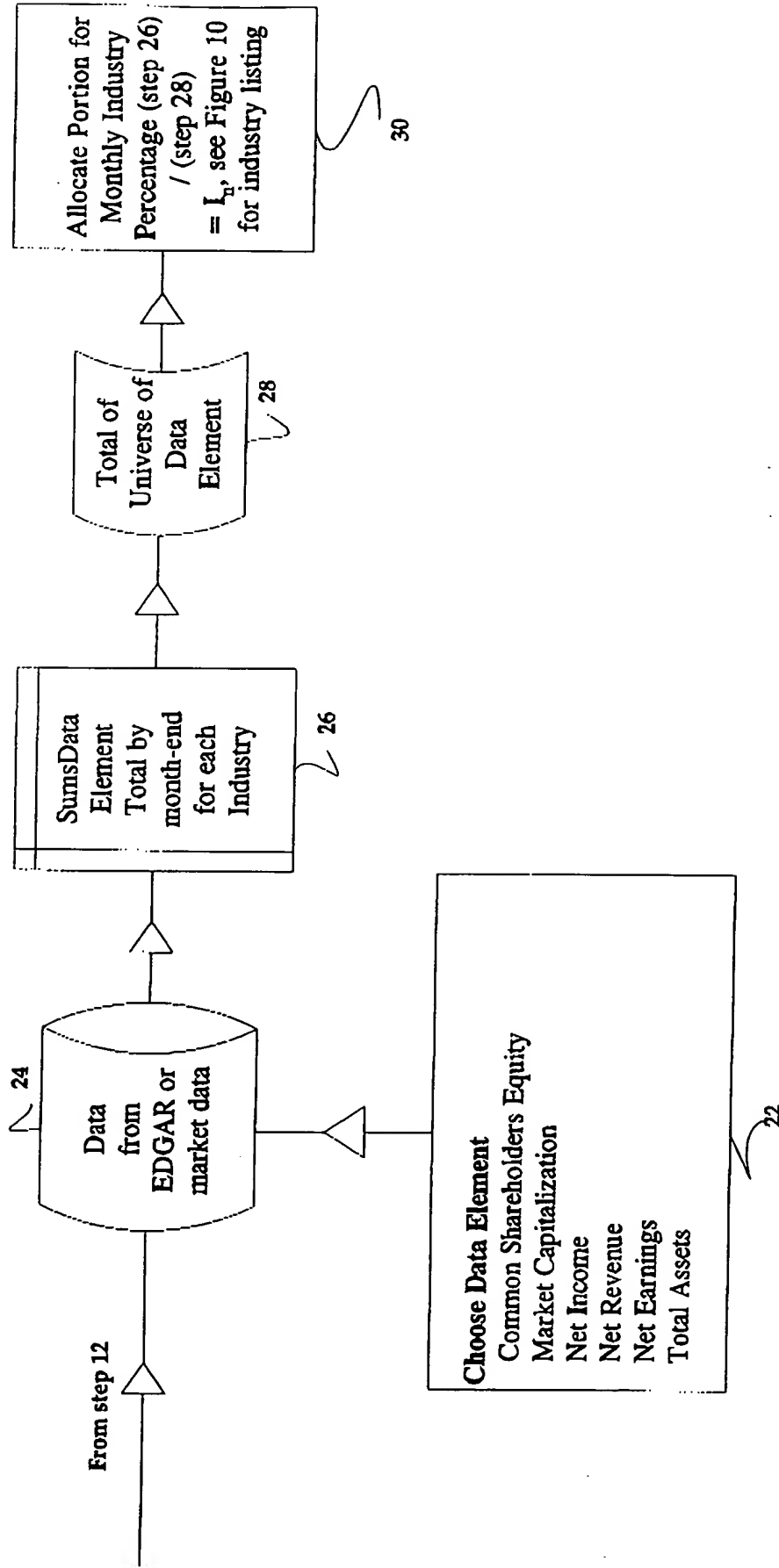


Figure 2

# Industry Representation Process for Chosen Individual Allocation Limit

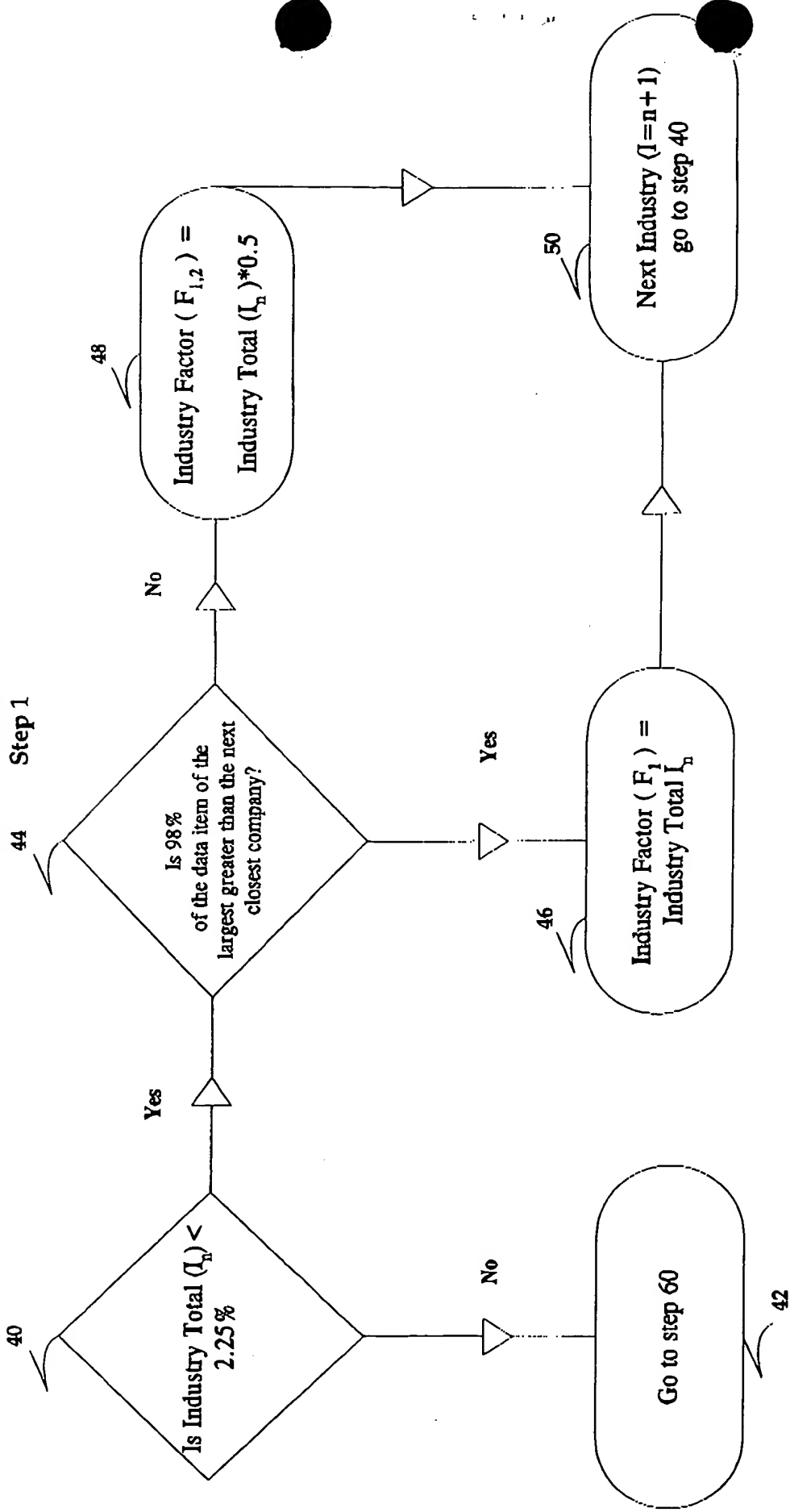


Figure 3

# Industry Representation Process for Chosen Individual Allocation Limit

Step 2

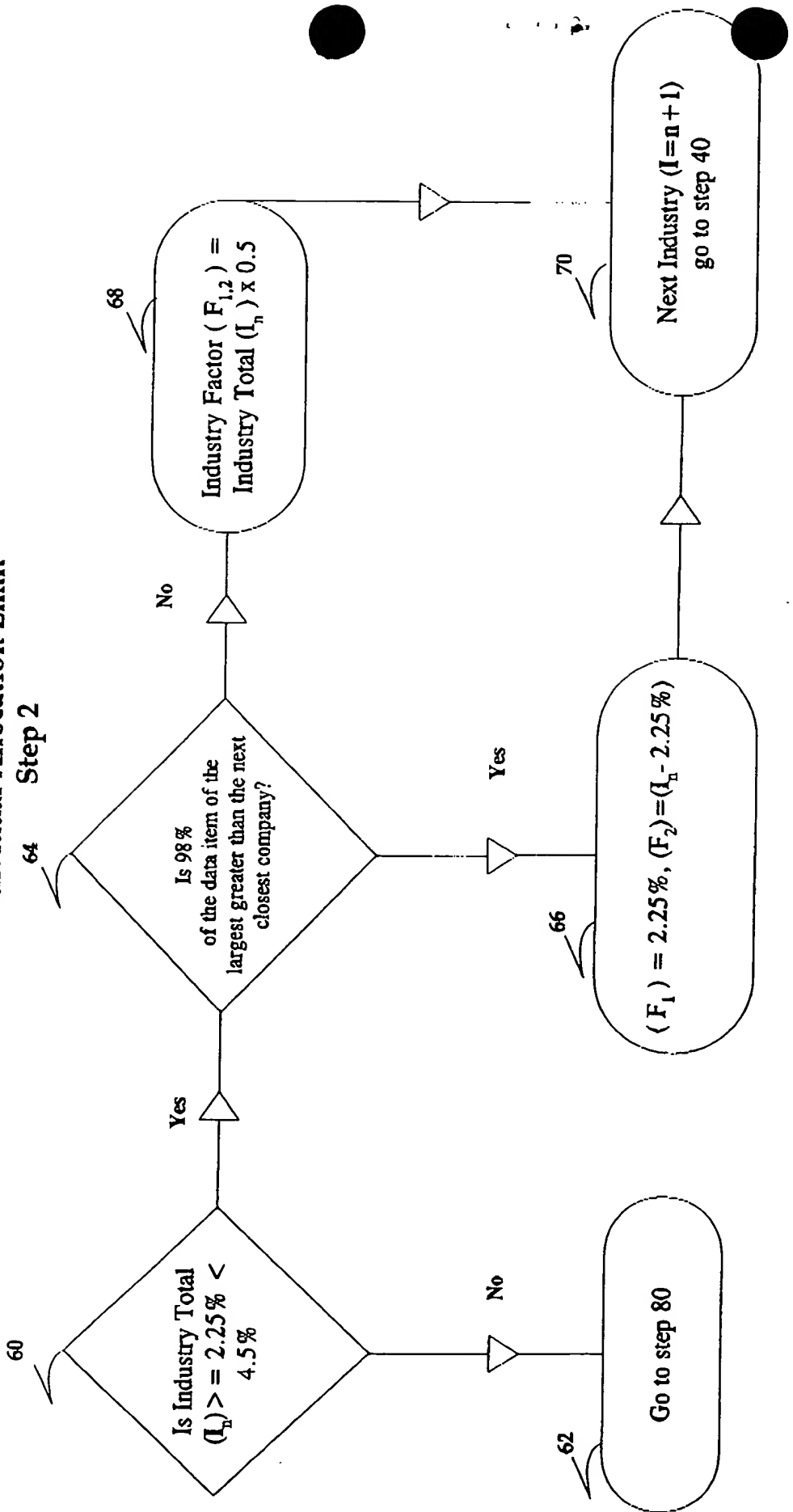


Figure 4

### Step 3



## 120

**OCT**



## Individual Allocation Limit

**160**



### Individual Allocation Limit



### Figure 8



## Model Mechanics

### Variable Definitions:

F= Monthly investment factor (allocation)

Pb= Price at beginning of month

Pe= Price at end of month

I<sub>n</sub> = Industry(n)

C<sub>z</sub> = Company(z)

j = number of Industries

k = number of companies within Industry

lnCz= Company z within Industry n

BMValue= Value of Strategy model at end of preceding month (value of 1000 12/31/86)

Value of individual investments  
at the beginning of the month

$$\sum_{z=1}^k [ \sum_{n=1}^j F(lnCz) BMValue ]$$

Value of Strategy Model  
at the end of the month

$$\sum_{z=1}^k [ \sum_{n=1}^j ( F(lnCz) BMValue / Pb(lnCz) ) Pe(lnCz) ]$$

note: For the majority of the industries, k equals 1. Most industries have only one representative. Please refer to the 12/31/99 industry list found in Figure 10.

Figure 9

**Illustrative Embodiment using  
Common Shareholders Equity as Data Element  
Figure 10**

Industry #			Dec99
Company #	Industry	Company	Allocation
I1C1	Auto & Truck	Ford Motor Company	.015469
I2C1	Auto Parts Replacement	Tenneco Automotive Inc.	.001171
I2C2	Metal Fabricating	Genuine Parts Co.	.001171
I3C1	Tire & Rubber	Goodyear Tire & Rubber Co.	.001886
I4C1	Home Appliance	Whirlpool Corp.	.001170
I5C1	Precision Instrument	Eastman Kodak Co.	.003651
I6C1	Electric Utility East	Southern Co.	.022500
I6C2	Electric Utility East	Duke Energy Corp.	.004566
I7C1	Medical Supplies	Johnson & Johnson	.018336
I8C1	Air Transport	AMR Corp/Del	.009865
I9C1	Trucking & Transport Leasing	Hertz Corp.	.003152
I10C1	Maritime	Alexander & Baldwin Inc.	.000666
I11C1	Railroad	Burlington Northern Santa Fe Corp.	.012537
I12C1	Restaurant	McDonald's Corp.	.006068
I13C1	Industrial Services	Autonation Inc.	.006414
I14C1	Environmental	Waste Management Inc.	.002743
I15C1	Petroleum Integrated	Exxon Mobil Corp.	.022500
I15C2	Petroleum Integrated	Royal Dutch Petroleum Company	.022500
I15C3	Petroleum Integrated	Chevron Corporation	.010132
I16C1	Natural Gas Diversified	Enron Corp.	.010880
I17C1	Natural Gas Distribution	KeySpan Corporation	.004107
I18C1	Chemical Specialty	Rohm & Haas Co.	.007753
I19C1	Aerospace/Defense	Boeing Co.	.013102
I20C1	Metal Fabricating	Illinois Tool Works	.003356
I21C1	Steel General	Nucor Corp.	.002034
I22C1	Insurance - Property & Casualty	Berkshire Hathaway Inc.	.022500
I22C2	Insurance - Property & Casualty	Allstate Corp.	.020504
I23C1	Medical Services	Aetna Inc.	.016322
I24C1	Healthcare Information Systems	IMS Health Inc.	.000576
I25C1	Electric Utility Central	Texas Utilities Co.	.021736
I26C1	Telecommunications Service	AT&T Corp.	.022500
I26C2	Telecommunications Service	MCI Worldcom Inc.	.022500
I26C3	Telecommunications Service	Bell Atlantic Corp.	.022500
I26C4	Telecommunications Service	SBC Communications Inc.	.015489
I27C1	Telecommunications Equipment	Lucent Technologies Inc.	.012174
I28C1	Drugstore	Walgreen Co.	.003262
I29C1	Auto Parts OEM	Delphi Automotive Systems	.003254
I29C2	Auto Parts OEM	Magna International Inc.	.003254
I30C1	Toiletries/Cosmetics	Gillette Company	.001933
I31C1	Cable TV	Comcast Corp.	.001303
I32C1	Building Materials	Masco Corp.	.002733
I33C1	Homebuilding	Centex Corp.	.002663
I34C1	Retail Building Supply	Home Depot Inc.	.005868
I35C1	Cement & Aggregates	Lafarge Corp.	.001908
I36C1	Furniture/Home Furnishings	Leggett & Platt Inc.	.002013
I37C1	Paper & Forest Products	International Paper Co.	.015229
I38C1	Packaging & Container	Crown Cork & Seal Co. Inc.	.003779
I39C1	Household Products	Procter & Gamble Co.	.007907
I40C1	Electrical Equipment	General Electric Company	.021617
I41C1	Electronics	JDS Uniphase Corp.	.007649
I42C1	Semiconductor	Intel Corp.	.022500
I42C2	Semiconductor	Motorola Inc.	.000938
I43C1	Semiconductor Capital Equipment	Applied Materials Inc.	.001977
I44C1	Computer and Peripherals	International Business Machines Corp.	.022500

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**Illustrative Embodiment using  
Common Shareholders' Equity as Data Element  
Figure 10**

Industry #			Dec99
Company #	Industry	Company	Allocation
I44C2	Computer and Peripherals	Hewlett-Packard Co	.012071
I45C1	Office Equipment & Supply	Xerox Corp.	.006040
I50C1	Thrift	Fannie Mae	.016325
I51C1	REIT	Equity Residential Props TR	.006086
I52C1	Insurance - Life	AXA Financial Inc.	.010915
I53C1	Gold/Silver Mining	Barrick Gold Corp.	.002718
I54C1	Metals & Mining	Alcoa Inc.	.006981
I55C1	Chemical - Basic	Du Pont (E.I.) de Nemours	.007654
I56C1	Drug	Merck & Co., Inc.	.022500
I56C2	Drug	Pfizer Inc.	.001399
I56C3	Drug	Bristol-Myers Squibb Co.	.001399
I57C1	Machinery	Caterpillar Inc.	.011627
I58C1	Diversified	Tyco International Ltd.	.018692
I59C1	Steel (Integrated)	USX-U.S. Steel Group Inc.	.001960
I60C1	Water Utility	American Water Works Inc.	.000990
I61C1	Securities Brokerage	Morgan Stanley Dean Witter & Comp	.018694
I62C1	Food Processing	Unilever N.V.	.016838
I63C1	Grocery Store	Albertson's Inc.	.006290
I64C1	Food Wholesalers	Supervalu Inc.	.001594
I65C1	Beverage (Alcoholic)	Seagram Co. Ltd.	.006542
I66C1	Beverage (Soft Drinks)	Coca-Cola Co.	.007334
I67C1	Manufactured Housing / RV	Clayton Homes Inc.	.001019
I68C1	Tobacco	Philip Morris Companies Inc.	.007888
I69C1	Educational Services	Sylvan Learning Systems Inc.	.000461
I70C1	Apparel	VF Corporation	.003100
I71C1	Textile	Springs Industries Inc.	.001073
I72C1	Retail Store	Wal-Mart Stores Inc.	.022500
I72C2	Retail Store	Penney (J.C.) Co.	.002143
I73C1	Shoe	Nike Inc.	.001704
I74C1	Retail Special Lines	Toys R US Inc.	.010486
I75C1	Electric Utility West	PG&E Corp.	.010671
I76C1	Recreation	Carnival Corp.	.006109
I77C1	Entertainment	Walt Disney (Hlids) Co	.022500
I77C2	Entertainment	Viacom Inc.	.001375
I78C1	Hotel/Gaming	Park Place Entertainment Corp.	.004802
I79C1	Publishing	McGraw-Hill Companies Inc.	.002335
I80C1	Newspaper	Gannett Co. Inc.	.005492
I81C1	Advertising	Interpublic Group Cos. Inc.	.001345
I82C1	Petroleum Producing	Burlington Resources Inc.	.003315
I83C1	Oilfield Services	Schlumberger Ltd.	.011022
I84C1	Chemical Diversified	Minnesota Mining & Mfg Co	.007801
I85C1	Bank	Bank of America Corp.	.022500
I85C2	Bank	Wells Fargo Company	.022500
I85C3	Bank	Chase Manhattan Corp.	.022500
I85C4	Bank	Bank One Corp.	.016981
I86C1	Financial Services Diversified	Citigroup Inc.	.022500
I86C2	Financial Services Diversified	American International Group	.022500
I86C3	Financial Services Diversified	Loews Corp.	.005281
I86C4	Financial Services Diversified	American Express Company	.005281
I87C1	Computer Software & Services	Microsoft Corp.	.022500
I87C2	Computer Software & Services	Electronic Data Systems	.002377
I88C1	Internet	At Home Corp.	.006470

# Individual Representation Within Industry for All Companies in the Selected Universe

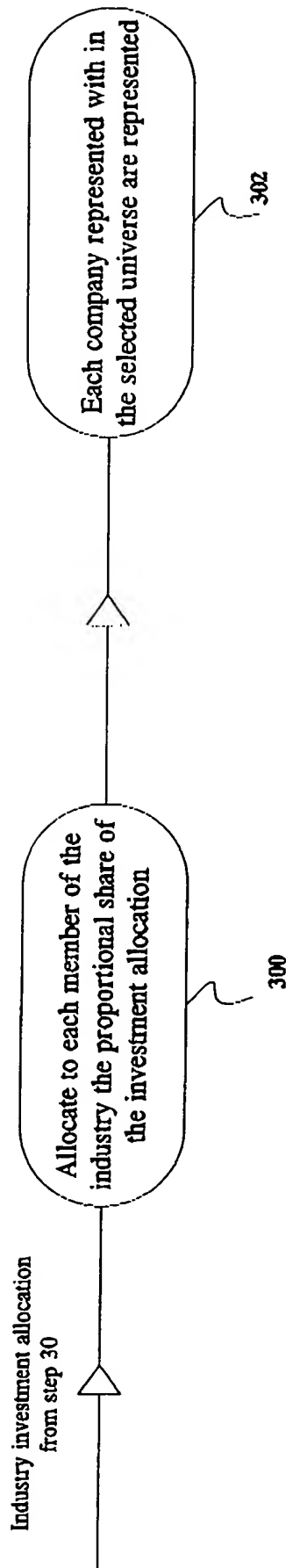


Figure 11